



SCARBROUGH



ECOMMERCE
FULFILLMENT 101

www.scarbrough-intl.com

3 Decades Of Growth

Continually expanding our services to exceed expectations



SCARBROUGH

Freight Forwarding &
U.S. Customs Brokerage



1984

NVOCC Operations &
Consolidation Services



2003

Freight Forwarding &
Mexico Customs Brokerage



2015

Warehouse Distribution &
Fulfillment Services



2019

1988



Regional Asset-Based Trucks

2014



North American Truck Brokerage

2018



U.S. Customs & Supply Chain Consulting

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SCARBROUGH CONTACTS

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WHAT IS FULFILLMENT?

- **Fulfillment** is the entire process behind getting an order delivered to a customer after It is ordered online.
- This part of the supply chain entails receiving, inspecting, storing inventory, processing orders, picking items, packing boxes, meeting compliances and transporting the items to the customer's shipping destination.



FULFILLMENT TYPES

1. Self-Fulfillment



2. Third Party Fulfillment (3PL)

3. Amazon FBA

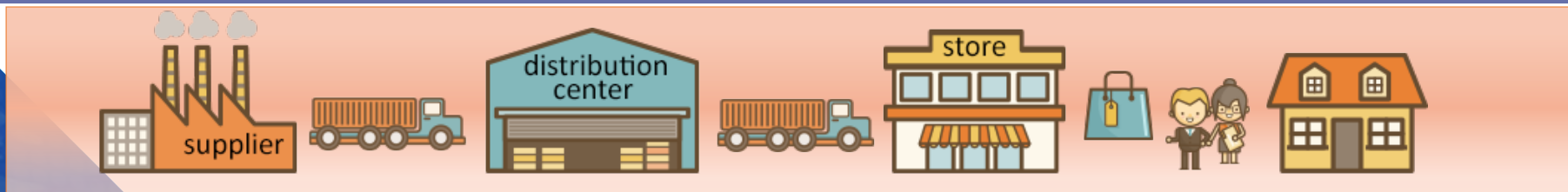
4. Drop Shipping

Goods are manufactured or purchased then shipped direct to 3PL warehouse





TRADITIONAL WAREHOUSING VS. ORDER FULFILLMENT





HOW DOES ORDER FULFILLMENT WORK?





FULFILLMENT MODELS

- **Business-to-Business (B2B)**
Manufacturer to Business or Fulfillment Center to Retail Distribution Center
- **Business-to-Consumer (B2C)**
Amazon, Walmart.com, Chewy.com
- **Consumer-to-Consumer (C2C)**
eBay & Craigslist
- **Consumer-to-Business (C2B)**
Reverse Logistics, Add Space



SCALING FULFILLMENT MODELS

- Volume of Orders and Business Size
- Technology & Sales Channels
- Physical Location





WHAT TO AVOID WHEN IT COMES TO FULFILLMENT

- Choosing a warehouse location close to your office
- Assuming Amazon FBA is right for your business
- Sacrificing quality and levels of service for cost
- Failing to establish KPI's during negotiations
- Forgetting to investigate and negotiate shipping rates



WHAT TO LOOK OUT FOR



COMMUNICATION

Communication is key in any successful business; however it is vital in the world of e-commerce and fulfillment. Communication between the seller and the buyer. Communication between the seller (client) and the fulfillment center (Scarborough).



ACCURACY

Accuracy of the inventory and description on the vendor websites that product is offered.
Accuracy at the fulfillment level: the right product to the right buyer.
Note: 99.8% accuracy at the fulfillment level is considered world class



TRANSPARENCY AND RESPONSIVE

Good old-fashioned customer service. Addressing issues, finding a resolution and being responsive.



FREE SHIPPING

Statistics have proven that the average consumer will pay more for a product if the product includes FREE shipping. However, shipping is NOT free and comes at a price to the seller.



FULFILLMENT CHECKLIST



- Gather a clear understanding of vendor compliance requirements
- Have a clear understanding of the fulfillment costs
- Leverage shipping price points through contracted carriers
- Establish Advanced Shipping Notifications (ASN) with carriers
- Invest in a Warehouse Management System (WMS)
- Take advantage of automatized data collection
- Establish a start-to-finish plan for reverse logistics
- Keep multiple lines of communication open
- Minimize touches – Value Stream Mapping
- Practice ongoing cycle counting
- Hire a fulfillment center with a proven record



BEST PRACTICES

OUTSOURCING YOUR E-COMMERCE FULFILLMENT NEEDS TO A COMPANY THAT CAN:

- Receive and manage your inventory
- Fulfill your orders to numerous vendors, the same day before 3pm
- Understand the compliances
- Can handle the returns process (reverse logistics)

THIS ALLOWS YOU TO:

- Buy inventory in bulk
- Focus on marketing and branding
- Put money elsewhere. No need to spend money on warehousing or large equipment



WHAT TO LOOK FOR IN A FULFILLMENT CENTER

- Same day order fulfillment
- Discounted shipping rates
- 100% accuracy
- Compliance Requirements
- Complete transparency
- Customized fulfillment needs
- Dedicated customer service
- True extension of your business – a valued partnership



VENDOR COMPLIANCE

Compliance is vital to the practice of E-commerce and Fulfillment.

It is important that the seller and the fulfillment team review and understand the compliances as set forth by the vendor.

Lack of compliance can mean fines and suspension by vendors that sell your product.



Examples:

- Pallets height must not exceed 72 inches
- Requires blue plastic wrap
- Must ship LTL (less than truckload) with carrier XYZ
- All PO's on the order must have an individual packing list
- All PO's shipping together
- All Shipments must include a master packing list
- All Shipments Require Compliance Labels
- UCC-128 labels must be placed on the bottom right corner
- Placement must be on the flattest part of the shipping box exactly 2 inches from the box edge.
- Slates on the shipping pallet can be no less than 2" apart and no more than 1 ¾" apart
- All pallet top boards must be uniform



Q&A: ECOMMERCE FULFILLMENT 101

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DIFFERENT WAYS TO FULFILL ORDERS SOLD ON AMAZON

- Amazon FBA (Fulfillment by Amazon)
@ Amazon
- Amazon SFP (Seller Fulfilled Prime)
@ 3PL
- Amazon Vendor Central
@ Amazon & majority of inventory stored at 3PL
When inventory runs low @ Amazon, 3PL sends in more



DIRECT TO CONSUMER FULFILLMENT VS. DROP SHIPPING

- **DIRECT TO CONSUMER:**

1. Consumer orders product online at your store.
2. We fulfill the order as if it is your own warehouse and send to the consumer's home.
3. You pay the shipping (on our negotiated rates!).

- **DROP SHIPPING:**

1. You sell product wholesale to retailer.
2. Consumer orders product online at retailer's store.
3. We fulfill the order from our warehouse as if it is the retailer's warehouse. Retailer pays the shipping.
4. Retailer pays consolidated invoice to you on a monthly basis.



REVERSE LOGISTICS

- Reverse Logistics encompasses the logistics and optimization of “returned goods.”
- Good management of your reverse logistics can help you avoid making future mistakes, quickly identify product failures, and avoid negative perceptions on your brand.
- This can encompass exchanges, as well



SCARBROUGH AS A DISTRIBUTION CENTER

- Scarborough Warehousing, Inc. is able to pull inventory to distribute to retailers, wholesalers or directly to consumers.
- U.S. Customs bonded warehouse [Class 3]
 - Allows duty deferral on imported goods up to 5 years until a buyer is secured



CUSTOMS BONDED WAREHOUSE CLASS 3

- Allows organizations to store imported merchandise without paying duty until the goods are withdrawn for consumption within 5 years of importation.
- Allows organization time to secure a buyer
- Some restrictions to certain merchandise exist and not all merchandise qualifies for bonded warehouse placement.
- CBP has full control of the merchandise until it is withdrawn for consumption.



TRANSLOADING, CONTAINER DEVANNING



- Transloading –
Unloading a container and loading goods *directly* onto a truck for final destination
- Devanning –
Unloading a container or trailer
- Could include palletizing if goods are loose



WHAT IS “CROSSDOCK”?





PALLETIZING & SHRINK WRAP

- How does it work?
- Why is it important?





MULTI-VENDOR CONSOLIDATION





Warehousing Compliance

vs.

Fulfillment Compliance



BLOCK AND BRACE





CUSTOMIZED CRATE BUILDING

- Mostly used by exporters
- Secures goods to avoid damage during transit





ISPM CERTIFIED





SHORT TERM & LONG TERM STORAGE



www.scarbrough-intl.com



Warehousing Inventory

Vs.

Client Inventory



PO MANAGEMENT





CUSTOMIZED SOLUTIONS

It is our job

to make
your job

EASIER





BORDER INSPECTIONS





API

- Application Program Interface
- a cloud-based system
- directly from the retailer's website
- allows for the dissemination of information back and forth between the host site, which processes the orders and consumer financial data.



EDI

- Electronic Data Interchange
- Single way communication
- Through a 3rd party vendor
- Batch process



HAZMAT DISTRIBUTION





FOOD GRADE REQUIREMENTS & COMPLIANCE

